MERCATOR

NEWS RELEASE

MERCATOR REPORTS THREE-FOLD JUMP IN FY2008 NET PROFIT TO US$52.2 MILLION, SUPPORTED BY GROWING FLEET AND BUOYANT DRY BULK SHIPPING DEMAND

- Revenue increases 72.0% to US$146.2 million
  - Time Charter Equivalent ("TCE") rate per vessel per day increased 55.0% to US$37,440 in FY2008
  - Vessel Operating Days rose 23.0% to 3507 in FY2008
- Proposes dividend of 1.05 Singapore cents per share on 18.0% payout ratio

Mr Shalabh Mittal, Managing Director and Chief Executive Officer of Mercator said, "We are delighted to report a strong set of financial results for FY2008. Notwithstanding the volatility of the BDI index in the first three calendar months of 2008, Mercator has delivered a record fourth quarter, affirming that our 70:30 strategy of long term vs short term charters is a winning strategy.

"Operationally, we have performed very well, with over 99.0% fleet utilisation, thanks to our young and modern fleet.

"Our strong growth confirms the soundness and viability of our business model. With our growth strategies firmly in place, we will continue to leverage on the burgeoning dry bulk demand in both India and China to seek new business opportunities.

Singapore, May 7, 2008 – Mercator Lines (Singapore) Limited ("Mercator" or the "Group"), a leading Indian-owned international dry bulk shipping company focused on high growth markets such as India and China, today reported a strong 303.0% surge in net profit to US$52.2 million for the financial year ended March 31, 2008 ("FY2008"), surpassing its bottom line of US$12.9 million in the previous year."

Excluding exceptional items of US$9.7 million in FY2007 for unamortised advanced charter hire and US$5.3 million in FY2008 for provision for foreign exchange gain, net profit in FY2008 reflected a significant 106.9% jump to US$52.2 million from US$22.7 million the previous year.

This was achieved on the back of a 72.0% jump in revenue to US$146.2 million in FY2008 from US$85.1 million in FY2007. This is the result of significant improvements in both vessel day rates and number of total operating days.

TCE rate per vessel per day increased by 55.0% to US$37,440 in FY2008, compared to TCE rate per day per vessel of US$24,138 in FY2007.

Total number of vessel operating days increased by 23.0% to 3,507 vessel operating days as compared to 2,848 days for the year ended March 31, 2007.

“Overall, our owned fleet grew strongly from two to seven ships during 2007, and with an average age of less than two years, our young and modern fleet has enabled us to achieve an excellent 99.0% fleet utilisation rate,” added Mr Mittal.

Mercator also showed a strong balance sheet with strong cash flow. As at March 31, 2008, the Group maintained a strong balance sheet and working capital position with approximately US$186.3 million cash and cash equivalents.

In line with its strong set of results, the Group has proposed a tax-exempt final dividend of 1.05 Singapore cents per share. The payout ratio of 18.0% is buoyed by the Group’s sterling balance sheet.

Strategies and Future Plans

Moving forward, Mercator plans to further capitalise on the growing dry bulk demand and expand its presence in high growth markets. It added two prominent new customers in 2008 – Italian-owned, Singapore-based shipping group Siba Ships Asia Pte. Ltd. as well as Hong Kong-based shipping company, Refined Success Ltd., a subsidiary of leading PRC shipping conglomerate, COSCO (H.K.) Shipping Co., Limited, one of the largest dry bulk shipping companies in the world. Leveraging on its increasingly diverse customer base, Mercator aims to tap into the potential strong demands for dry bulk trade from high growth countries.

Tapping into the demand growth in the international markets, plans are in the pipeline to enlarge the Group's fleet capacity, with the acquisition of a Very Large Ore Carrier ("VLOC" – 280,000 dwt) scheduled for delivery around December 2008 and two Post Panamaxes (92,500 dwt) scheduled for delivery between May and September 2009.

The Group also intends to further expand its fleet size through suitable acquisitions of dry bulk carriers. It recently purchased two of its chartered-in vessels, "YK Titan" and "YK Taurus", increasing its owned fleet to a total of nine vessels upon delivery. The Group presently operates a fleet of 11 dry bulk carriers, consisting seven owned and four chartered-in vessels, with an aggregate capacity of 829,057 dwt. YK Titan is scheduled for delivery between July 1 and August 31, 2008 whilst YK Taurus is scheduled for next month. Mercator also expects to exercise its purchase option for Ocean Senang, a December 1999-built geared Panamax at an attractive price of US$24.2 million.

Commented Mr Mittal, "With the acquisition of geared vessels such as YK Titan and YK Taurus, we have the largest fleet of geared Panamaxes among the Indian-owned shipping companies, providing us with a distinct competitive advantage that enhances trading flexibility at the ports of the Indian Sub-Continent where port facilities remain underdeveloped."

The Group will continue to optimise its contract mix by maintaining approximately 70% of its fleet on long term fixed rate contracts and up to approximately 30% on short term contracts. This strategy is aimed at bringing stability and visible cash flows to the Group, while tapping opportunities to generate higher returns during periods of higher rental rates. It also bolsters the Group against the volatility of the BDI, thereby maximising value for its shareholders.

"Indeed, despite the high volatility of the BDI index experienced in the first three months of 2008, our strong results is a testimony that our 70:30 strategy works well for us," concluded Mr Mittal.

Prospects

According to the Drewry Publications, global demand for iron ore is expected to increase by 5.5% to 828.5 million tonnes, while demand for coking coal is expected to reach 236.0 million tonnes in 2008, and steam coal to arrive at 569.2 million tonnes in 2008.

In addition to India's growing position as a major coal importer, its "Power for All" mission to achieve 100,000 MW of power generation by 2012 will also greatly boost dry bulk demand. China, which accounted for 49.0% of seaborne iron ore imports in 2007, is set to maintain its position as major importer as its share of seaborne iron ore imports is expected to increase to around 55.0% by 2012.

Based on the demand and the Group's chartering philosophy of having the majority of its revenue driven from long term contracts, Mercator believes that the growth prospects going forward look promising and will continue to execute its strategic plans and identified growth initiatives.

About Mercator Lines (Singapore) Limited

Mercator, which commenced operations in 2005, has established a market presence in the Indian coal transport market, specialising in the transportation of dry bulk commodities such as coal into India from Australia and Indonesia, and iron ore from India to countries such as China, Japan and South Korea. With the strong support of its ultimate parent company, Mercator Lines Limited ("MLL India"), the second largest private sector shipping company in India (by aggregate fleet tonnage capacity), the Group also provides its customers with complete and customised logistics solutions from the load port to the point of usage.

Mercator presently operates a fleet of 11 dry bulk vessels comprising geared and gearless Panamaxes and Kamsarmaxes, with an aggregate capacity of 829,057 dwt. It owns seven young and versatile vessels averaging around two years of age and four other chartered-in vessels at an average of less than nine years of age, as at May 7, 2008. The average age of the global dry bulk fleet is approximately 15 years.

The Group services primarily large thermal-based power plants and steel companies, and has established strong relationships with its customers, including reputable names such as Arcelor Mittal Group and Tata Power.

Mercator derives its revenue largely from long term fixed rate contracts, specifically time charters and contracts of affreightment ("COAs"). Ranging from 11 months to five years, Mercator's long term fixed rate contracts ensure revenue visibility.

Helmed by an experienced management team with in-depth understanding of the industry, a wide network of customer contacts and diligent risk management practices, Mercator has been able to make proactive business decisions and well-timed fleet expansion to achieve continuous growth since its inception.

None of the agencies other than Mercator Lines (Singapore) Limited assumes responsibilities for contents of this announcement.

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